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Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
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June 24, 2004

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RECEIVED

JUL 24 2004

PUBLIC SERVICE
COMMISSION

RE: Application of Louisville Gas and Electric Company for an Adjustment of its Gas and Electric Rates, Terms and Conditions
Case No. 2003-00433

Application of Kentucky Utilities Company for an Adjustment of its Electric Rates, Terms and Conditions
Case No. 2003-00434 ✓

Dear Ms. O'Donnell:

Enclosed please find and accept for filing two originals and ten (10) copies of the Response of Louisville Gas and Electric Company and Kentucky Utilities Company to Letter of June 17, 2004 from North American Stainless, LP in the above-referenced matters. Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me in the enclosed self-addressed stamped envelope.

Should you have any questions or need any additional information, please contact me at your convenience.

Sincerely,

Walter L. Sales

WLS/ec
Enclosures
cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JUN 24 2004

PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY FOR AN ADJUSTMENT) CASE NO. 2003-00433
OF THE GAS AND ELECTRIC RATES,)
TERMS AND CONDITIONS)

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR AN ADJUSTMENT) CASE NO. 2003-00434
OF THE ELECTRIC RATES, TERMS AND)
CONDITIONS)

**RESPONSE OF LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY TO LETTER OF JUNE 17, 2004 FROM
NORTH AMERICAN STAINLESS, L.P.**

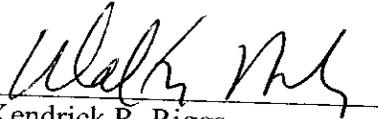
North American Stainless, L.P. has filed a letter dated June 17 with the PSC which is not provided for by the scheduling order in the above consolidated cases. The PSC could strike the letter a for a variety of reasons on its own, but in the event that it does not and in the event the PSC considers the letter, Kentucky Utilities Company (KU) and Louisville Gas and Electric Company (LG&E) wish to respond to clarify the record as follows:

1. The June 17, 2004 letter is essentially a reply brief not provided for by the rules or the scheduling order and for which no permission to file has been sought or granted. It was filed two and a half weeks after the briefs of all parties were due. KU and LG&E filed their briefs as provided by the scheduling order.

2. The Stipulation and Settlement Agreement to which KU, LG&E, and NAS are parties provides for a Large Industrial-Time-of-Day (LI-TOD) tariff that was modeled on the proposed NCLS tariff with modifications reached as part of a compromise between the parties. The LI-TOD tariff is fully supportable based on the testimony of KU and LG&E witnesses

Freibert, Bush, and Seelye. It is available to NAS and to all other current or future customers who share operating characteristics similar to NAS as defined in the Settlement Agreement. All parties having agreed to the settlement of the proposed non-conforming load service tariff which includes the withdrawal of NAS's pre-filed testimony, there is no evidence in the record to contradict or raise even a factual issue as to the points raised in this Response.

Respectfully submitted,



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Company and Kentucky Utilities Company

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Response was served on the following persons on the 24th day of June 2004, United States mail, postage prepaid:

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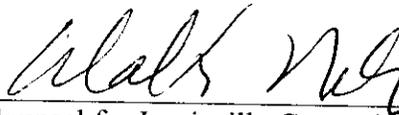
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